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July 19, 1996

John Nakahata
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, D.C. 20554

Re: CC Docket No. 95-185

Dear Mr. Nakahata:

On behalf of the Personal Communications Industry Association, I wanted to send you the attached handout, which explains why messaging providers should receive compensation for terminating calls. Please feel free to call me if you have any questions.

Respectfully submitted,


Jeffrey S. Linder

JSL:rw

Enclosure

cc: William F. Caton (w/2 copies)

Number of Copies read 0

THE COMMISSION SHOULD REQUIRE LECs TO COMPENSATE NARROWBAND PROVIDERS FOR TERMINATING LEC TRAFFIC

Paging carriers must not be ignored in the struggle between LECs and broadband CMRS carriers over terminating compensation. In order to fairly compensate paging providers for the use of their networks, and allow paging providers to compete with other CMRS carriers, LECs should be required to compensate paging providers for terminating landline traffic.

- **NARROWBAND CMRS PROVIDERS ARE LEGALLY ENTITLED TO
TERMINATING COMPENSATION**
 - As co-carriers, paging providers have been entitled to terminating compensation since the 1987 *Interconnection Order* and 1989 *Interconnection Reconsideration Order*. This holding was reaffirmed in the *CMRS Second Report and Order*, released in 1994.
 - Further, the regulatory parity directive of Section 332 compels that terminating compensation rights extend to both broadband and narrowband CMRS providers.
- **EXISTING COMPENSATION SCHEMES ARE UNFAIR TO PAGING
PROVIDERS AND THE FCC'S DECISIONS MANDATING
COMPENSATION HAVE NOT BEEN HONORED**
 - Paging carriers currently pay LECs for the "privilege" of terminating landline-originating traffic. They receive no compensation whatsoever, even though they generate considerable financial benefits for LECs by stimulating usage of the local telephone network.
- **PCIA'S PROPOSED NARROWBAND COMPENSATION SCHEME
RECOGNIZES THE FUNCTIONS PERFORMED BY NARROWBAND
CMRS PROVIDERS**
 - LECs should pay the entire cost of the trunks connecting the LEC switch to the narrowband switch.
 - In addition, narrowband CMRS providers should be permitted to charge reasonable fees for the use of their networks in terminating calls.
- **SOUND POLICY SUPPORTS COMPENSATION FOR NARROWBAND
CMRS PROVIDERS**
 - By terminating calls, narrowband CMRS providers confer significant economic advantages on LECs.

- LECs are compensated by the party initiating the page and through originating access charges in many cases.
- Paged parties must return their pages, thereby generating LEC revenues directly, and sometimes indirectly through IXC access charges.
- Broadband providers that offer paging services will be placed at a competitive advantage if narrowband carriers are not also fairly compensated for call termination.
- In the competitive narrowband market, cost reductions will inevitably be passed through to consumers.
- **NARROWBAND CMRS CARRIERS CANNOT BE FORCED TO RECOVER INTERCONNECTION COSTS FROM *THEIR* CUSTOMERS**
 - In the 1989 *Interconnection Reconsideration Order*, the FCC specifically held that LECs could not pass on interconnection costs to CMRS carriers and require CMRS carriers to recover these costs from their customers.

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